



ILLINOIS GAMING BOARD

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Illinois Gaming Board Policy on Inducements, Advertising & Promotions by Video Gaming Licensees

IN EFFECT AS OF: July 2014

Guidance regarding the Video Gaming Act's (the "Act") prohibition on Inducements frequently intersects with guidance given on Advertising and Promotional Activities conducted by Video Gaming Licensees. Therefore, the Illinois Gaming Board ("IGB") has issued this policy which combines previously issued policies on these matters and will serve to replace the latest versions of those policies. Each section, below, will address the applicable law and give guidance in order for Licensees to comply with the law.

Although the Board will not review and approve advertisement or promotional activities prior to their use, any questions as to whether a specific practice is a violation of this policy may be directed to the IGB for determination. Licensees are responsible for reading this policy and using their best judgment in order to comply with this guidance. Any violation of the Act, the Board's Rules, or this policy will lead to discipline by the IGB.

I. Inducements

A. ***Applicable Law:***

Section 25(c) of the Act provides that “No terminal operator may give anything of value, including but not limited to a loan or financing arrangement, to a licensed establishment, licensed truck stop establishment, licensed fraternal establishment, or licensed veterans establishment as any incentive or inducement to locate video terminals in that establishment.”

Rule 1800.250(l) provides that “Each licensed terminal operator has an ongoing duty to comply with the following: offer or provide nothing of value to any licensed video gaming location or any agent or representative of any licensed video gaming location as an incentive or inducement to locate, keep or maintain video gaming terminals at the licensed video gaming location.”

Rule 1800.270(d) provides that “Each licensed video gaming location has an ongoing duty to comply with the following: accept nothing of value from any video terminal operator or any agent or representative of any video terminal operator as an incentive or inducement to locate, keep or maintain video gaming terminals at the licensed video gaming location.”

B. ***What IS considered an inducement?***

- Any payment of cash, goods or services by a Terminal Operator to a Licensed Location, any of its owners, agents, representatives, or a third party on behalf of a Licensed Location, its owners, agents or representatives, other than as outlined below.
- Examples include but are not limited to: payment of a higher percentage of video gaming terminal (“VGT”) revenue than what is required in the Act; installation of TVs; allowing a Terminal Operator employee to open the Licensed Location earlier than normal business hours; improvements such as new bar tops or flooring at a Licensed Location that are unnecessary to comply with the Act’s requirements; or paying for the Licensed Location’s costs stemming from litigation involving the validity of a Use Agreement.

C. ***What is NOT considered an inducement?***

These items may be funded by the Licensed Terminal Operator either outright or through a loan or cost-sharing agreement between the Licensed Terminal Operator and the Licensed Location. Any loan or cost-sharing agreement shall be in writing and available for inspection by the IGB upon request.

1. VGTs and related items necessary to make VGTs operable at a Licensed Establishment, including any wiring or rewiring, telephone lines, network connections, circuit boards, ticket payout devices, site controllers, or other like items specified by the VGT manufacturer, Scientific Games, the IGB or its Agents.
2. Minimal structural changes to a Licensed Location, directly related to the segregation requirements in Section 58 of the Act.
3. Recurring DSL, wireless or other costs associated with communicating with the Central Communication System.
4. Software upgrades and other ongoing VGT maintenance expenses.

5. Bases, chairs and/or stools associated with the VGTs and are intended to remain in the video gaming area of the Licensed Location.
6. Video surveillance that is intended to monitor the video gaming area of the Licensed Location
7. ATM fees acquired from patron use of dual function ATM/ticket payout devices may be shared or allocated to a Licensed Location.

D. What costs *MUST* be shared?

These items must be shared equally between the Terminal Operator and the Licensed Location.

1. 0.7275% Central Communication System Fee
2. Any “fee for the operation of a video gaming terminal” imposed by a municipality specifically authorized via Section 65 of the Act (230 ILCS 40/65)
3. The annual \$100.00/VGT license fee required by Section 45(g)(7)& (h)

II. Advertising

A. Applicable Law:

Rules 250(n) and 270(e) provide that Licensed Terminal Operators and Licensed Video Gaming Locations, respectively, have an ongoing duty to conduct advertising and promotional activities in a manner that does not reflect adversely on or that would discredit or tend to discredit the Illinois gaming industry or the State of Illinois.

Rule 310(a)(21) provides that licensees are subject to discipline for engaging in, or facilitating, any unfair methods of competition or unfair or deceptive acts or practices, including, but not limited to, the use of employment of any deception, fraud, false pretense, false promise or misrepresentation, or the concealment, suppression or omission of any material fact in the conduct of any video gaming operation.

Advertising is held to the same standards regardless of whether it is done via radio, television, online, social media, through the mail, or on-site at a Licensed Location.

B. Guidance:

- Advertising must not be false or misleading
- Advertising must not use words that could be false, misleading or misinterpreted
- Any claim in an advertisement must be able to be substantiated
- Licensees may NOT:
 - Advertise that the odds of winning or playing the VGTs are better at one Licensed Location versus another Licensed Location
 - Advertise that the IGB promotes video gaming at a specific Licensed Location versus another Licensed Location
 - Use the logo or name of the IGB without prior written consent of the IGB
 - Use the word “casino”
 - State or imply that a player’s skill can influence the outcome of a game

- Licensees MAY:
 - Use the words and terms: “slots,” “VGTs,” “video gaming terminals,” or “gaming/gambling parlor”
 - Publicize “video gaming coming soon”
 - Publicize the amount of money won at the Licensed Location (factual information that can be confirmed on the IGB website)
 - Publicize the payout percentage at a Licensed Location (factual information that can be confirmed on the IGB website)
 - Advertise the number of VGTs available at the Licensed Location
 - Use “puffery” statements, for example, “best bar in town,” “best nachos south of I-80.” “Puffery” is a term used to denote the exaggerations reasonably to be expected of a business owner as to the degree of quality of his product, the truth or falsity of which cannot be precisely determined.

C. *Costs of Advertising:*

- Advertising that promotes ONLY the Licensed Terminal Operator SHALL be paid 100% by the Licensed Terminal Operator
- Advertising that promotes ONLY the Licensed Location SHALL be paid 100% by the Licensed Location
- Advertising that promotes video gaming in general, or video gaming at a specific Licensed Location may be shared equally between the Licensed Terminal Operator and the Licensed Location
- In instances where costs are shared between a Licensed Terminal Operator and a Licensed Location, each licensee SHALL maintain documentation recording the costs paid for the advertisement.

Additionally, the Office of the Illinois Attorney General Consumer Protection Bureau protects Illinois consumers and businesses victimized by fraud, deception, and unfair business practices. For more information or to contact the Bureau: <http://illinoisattorneygeneral.gov/consumers/index.html>.

III. Promotions

A. *Applicable Law:*

Rules 250(n) and 270(e) provide that Licensed Terminal Operators and Licensed Video Gaming Locations, respectively, have an ongoing duty to conduct advertising and promotional activities in a manner that does not reflect adversely on or that would discredit or tend to discredit the Illinois gaming industry or the State of Illinois.

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Any conditions of qualifying for promotions must be clear and conspicuous to VGT players.

B. Permitted Activities:

- Food and Beverage Giveaways: Licensees may give away free food and/or non-alcoholic drinks.
 - For example, this can be limited to just VGT players, VGT players who play for a certain amount of time or who win a certain amount, etc.
 - These giveaways may be paid by the Licensed Location or the Licensed Terminal Operator (or split).
- Items of Nominal Value Giveaways: Licensees may give away free t-shirts, cups, glasses, or other items of nominal value.
 - These giveaways may be limited to players of VGTs.
 - These giveaways may be paid by the Licensed Location or the Licensed Terminal Operator (or split).
- Contact Information Collection: Licensees may collect, on a voluntary basis, contact information of VGT players and use the information to send out promotional materials. Information shall not be sold to third parties and shall be kept in a confidential manner.
- Free-Play Coupons: Location Licensees may give away coupons redeemable for free VGT play
 - ONLY Location Licensees may pay for and provide free play coupons redeemable at ONLY his/her own location
 - Terminal Operator Licensees SHALL NOT contribute to the payment of free play coupons
- Stamp Card (to give away free food, drink, etc.)
 - For example, a card may be given to a VGT player, which is then stamped or marked every time he/she visits the Licensed Location. After a certain number of stamps, the card may be redeemed for food, non-alcoholic beverage, etc.
 - The stamp card promotion may only be paid by the Licensed Location.
- Player rewards programs linked to game play that is tracked by a route management system. This particular promotion must be pre-approved by the IGB.
- Raffles Conducted in Accordance with the Raffles and Poker Runs Act and Local Ordinances
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- Sponsoring Sports Leagues/Teams, Donating to Charity Events, etc. Sponsorship may be paid for by the Licensed Location or Licensed Terminal Operator.
- Pool, Dart, Bags Tournaments: Tournaments involving games of skill may be conducted, but any prizes, including prize money, may ONLY be funded by the Location Licensee
- Live entertainment at a Licensed Location must be paid for by the Licensed Location.

C. Prohibited Activities:

- Alcohol Giveaways: Licensees are prohibited from giving away free alcoholic drinks. The Illinois Liquor Control Commission prohibits giving away free alcohol. Licensees are expected to conduct “happy hour” liquor promotions in conjunction with the Illinois Liquor Control Commission Happy Hour Laws.
- VGT Play Tournaments: Tournaments of any kind related to the play of video gaming terminals are prohibited.